



STATE OF TENNESSEE
Water and Wastewater Financing Board

James K. Polk State Office Building, Suite 1500
505 Deaderick Street
Nashville, Tennessee 37243-1402
Phone (615) 401-7841 Fax (615) 741-6216

January 6, 2014

The Honorable Bill Haslam
Governor of Tennessee
First Floor, State Capitol
Nashville, TN 37243

Dear Governor Haslam:

The Water and Wastewater Financing Board is submitting to you its annual report for the calendar year 2013.

On behalf of each member of the Board, I would like to extend our continued appreciation to the employees of the Comptroller of the Treasury and of the Municipal Technical Advisory Service for their valuable contributions to the Board this year. Without their ongoing assistance, the Board would not be as successful.

The goal of the Board is to achieve our legislative mandates and to extend our services to the citizens of the State of Tennessee. We appreciate your continued confidence in and support of the Board. If I, or any member of the Board, can be of further assistance to you and your staff, please feel free to contact me.

Sincerely,

A handwritten signature in black ink that reads "Ann Butterworth".

Ann Butterworth
Chair

Attachment

Cc: Honorable Justin P. Wilson, Comptroller of the Treasury

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**ANNUAL REPORT
OF THE
WATER AND WASTEWATER FINANCING BOARD**

January 2013 through December 2013

ANNUAL REPORT FOR CALENDAR YEAR 2013

The 95th General Assembly created the Wastewater Financing Board in 1987 to assist financially distressed publicly owned wastewater systems to improve their financial condition. In July 1997, public water systems were also placed under the jurisdiction of this board; two members were added and the name was changed to Water and Wastewater Financing Board. Administratively, the Board was transferred from the Department of Environment and Conservation to the Comptroller of the Treasury in 2007. The Board promulgated rules and held its first meeting in April 1988. The current rules of the Board became effective September 27, 2010.

The State of Tennessee currently has 348 incorporated operating approximately 225 water and 227 wastewater systems. Counties or treatment authorities operate 5 water and wastewater systems, 4 wastewater-only systems and 9 water-only systems.

The Department of Audit, Comptroller of the Treasury, refers local governments operating financially distressed water and/or wastewater systems to the Board. Financially distressed utility systems are defined as those having deficit total net assets in any one year, having negative change in net assets for a period of two consecutive years or currently in default on any debt instrument. The Department also refers to the Board water systems with a validity score of 65 or less or non-revenue water as a percent by cost of operating system of 30% or greater are referred to the Board.

Staff to the Board reviews the referred cases and prepares presentations to the Board. Staff, assisted by the Municipal Technical Advisory Service, works with the utility systems to develop strategies to comply with state law. If a utility system has not yet reached compliance with state law to eliminate financial distress as of the time of presentation to the Board, the system remains under the Board's jurisdiction and the Board monitors to determine the success of the approved recommended compliance plan. If elimination of the financial distress is not achieved, the Board requires the system to present to the Board a revised plan to solve the financial distress.

The Board held 4 meetings during the calendar year 2013 in which 40 case studies (28 financial distress and 12 water loss), 21 status reports, and 30 compliance reports were presented to the Board.

The Board has addressed the financially distressed condition of 229 systems since its creation. Currently there are 41 systems under the jurisdiction of the Board for financial distress. There are currently 29 water loss cases under the jurisdiction of the Board.

At a joint meeting on June 6, 2012, the Board and the Utility Management Review Board decided to reaffirm the October 7, 2010, decision to adopt the American Water Works Association (AWWA) water loss methodology for inclusion in any audited financial statements received by the Comptroller of the Treasury on or after January 1, 2013. The water loss methodology can be obtained from www.AWWA.org.

In May 2013, the Government Operations Joint Subcommittee on Commerce, Labor, Transportation and Agriculture voted to recommend to the 108th General Assembly a five-year extension for the Board.

**CASES PRESENTED
TO THE
WATER AND WASTEWATER FINANCING BOARD
DURING 2013**

System

Case Studies – Financial distress

Town of Alamo
 Town of Alexandria
 Cheatham County Sewer System
 Coffee County Sewer System
 City of Cowan
 Town of Englewood
 City of Friendship
 City of Greenfield
 Town of Henning
 City of Henry
 Town of Hornbeak
 Town of Hornsby
 Humphreys County Sewer
 Town of Huntsville
 Town of Jasper
 City of Kenton
 Town of Kimball
 Town of Monterey
 City of Moscow
 Town of Obion
 Town of Oliver Springs
 City of Ramer
 City of Red Boiling Springs
 Town of Rossville
 Scott County Sewer System
 Town of Sharon
 City of Sunbright
 Town of Wartrace

County

Crockett
 DeKalb
 Cheatham
 Coffee
 Franklin
 McMinn
 Crockett
 Weakley
 Lauderdale
 Henry
 Obion
 Hardeman
 Humphreys
 Scott
 Marion
 Gibson/Obion
 Marion
 Putnam
 Fayette
 Obion
 Anderson/Roane/Morgan
 McNairy
 Macon
 Fayette
 Scott
 Weakley
 Morgan
 Bedford

Case Studies – Water loss

City of Ashland City
 Town of Benton
 City of Dunlap
 Town of Halls
 Hiwassee Utilities Commission
 Town of Hollow Rock
 City of Lenior City
 City of New Johnsonville
 City of Union City
 Watauga River Regional Water Authority
 City of Watertown
 City of Waynesboro

Cheatham
 Polk
 Sequatchie
 Lauderdale
 Bradley/McMinn
 Carroll
 Loudon
 Humphreys
 Obion
 Carter
 Wilson
 Wayne

Status Reports

Town of Alamo	Crockett
Town of Alexandria	DeKalb
Town of Cumberland Gap	Claiborne
Town of Decaturville	Decatur
City of Elizabethton	Carter
Town of Englewood	Monroe
City of Friendship	Crockett
City of Grand Junction	Hardeman
Town of Henning	Lauderdale
Town of Hornbeak	Obion
Town of Huntsville	Scott
City of Lakeland	Shelby
City of Lenior City	Loudon
Town of Monterey	Putnam
Town of Mosheim	Greene
City of Mountain City	Johnson
Town of Oneida	Scott
Scott County Sewer System	Scott
Town of Spencer	Van Buren
City of Sunbright	Morgan
Town of Vonore	Blount/Monroe

Compliance Reports

Town of Alamo	Crockett
City of Allardt	Fentress
Town of Baileyton	Greene
City of Bartlett	Shelby
Town of Baxter	Putnam
City of Bells	Crockett
Cheatham County Sewer System	Cheatham
City of Clarksburg	Carroll
City of Columbia	Maury
City of Copperhill	Polk
City of Cowan	Franklin
Town of Dover	Stewart
City of Dresden	Weakley
Town of Eastview	McNairy
City of Etowah	McMinn
City of Greenfield	Weakley
City of Kingsport	Sullivan
City of LaVergne	Rutherford
Town of Livingston	Overton
City of Madisonville	Monroe
City of McEwen	Humphreys
City of McLemoresville	Carroll
City of Mt. Pleasant	Maury
City of Pikeville	Bledsoe
Town of Moscow	Fayette
Town of Rives	Obion
Town of Rossville	Fayette
City of Rockwood	Roane
City of Savannah	Hardin
City of Scotts Hill	Henderson/Decatur

**LOCAL GOVERNMENTS
CURRENTLY UNDER THE JURISDICTION OF THE
WATER AND WASTEWATER FINANCING BOARD**

<u>System</u>	<u>County</u>
Town of Alexandria	DeKalb
City of Ashland City	Cheatham
Town of Atwood	Carroll
City of Benton	Polk
Town of Big Sandy	Benton
Town of Carthage	Smith
Coffee County Sewer System	Coffee
City of Collinwood	Wayne
Town of Cumberland Gap	Claiborne
Town of Decaturville	Decatur
City of Decherd	Franklin
City of Dunlap	Sequatchie
City of Elizabethton	Carter
Town of Englewood	McMinn
City of Erin	Houston
City of Friendship	Crockett
City of Friendsville	Blount
City of Grand Junction	Fayette
Town of Greeneville	Greene
Town of Halls	Lauderdale
City of Harriman	Roane
Town of Henning	Lauderdale
City of Henry	Henry
City of Hohenwald	Lewis
Town of Hollow Rock	Carroll
Town of Hornbeak	Obion
Town of Hornsby	Hardeman
Humphreys County	Humphreys
Town of Huntsville	Scott
Town of Jasper	Marion
City of Jellico	Campbell
Town of Jonesborough	Washington
City of Kenton	Gibson/Obion
City of Kimball	Marion
City of Lakeland	Shelby
City of Lenoir City	Loudon
Lincoln County	Lincoln
City of Lobelville	Perry
City of McKenzie	Carroll
City of Michie	McNairy
City of Middleton	Hardeman
Town of Monterey	Putnam
Town of Mosheim	Greene
Town of Mountain City	Johnson
City of Munford	Tipton
City of New Johnsonville	Humphreys
Town of Obion	Obion
Town of Oliver Springs	Anderson/Morgan/Roane
Town of Oneida	Scott

Town of Petersburg
City of Puryear
City of Ramer
City of Red Boiling Springs
Town of Sardis
Scott County Sewer System
Town of Sharon
City of Spencer
City of Springfield
City of Sunbright
Town of Tellico Plains
Town of Trezevant
Town of Vonore
City of Wartburg
Town of Wartrace
Watauga River Regional Water Authority
City of Watertown
City of Waverly
City of Westmoreland
Town of Whiteville
Town of Woodbury

Lincoln
Henry
McNairy
Macon
Henderson
Scott
Weakley
VanBuren
Robertson
Morgan
Monroe
Carroll
Blount/Monroe
Morgan
Bedford
Carter
Wilson
Humphreys
Sumner
Hardeman
Cannon

**MEMBERS
OF THE
WATER AND WASTEWATER FINANCING BOARD**

Ms. Ann Butterworth, Chair
Comptroller of the Treasury Designee

Mr. Tom Moss
Commissioner of the Tennessee Department of Environment and Conservation Designee

Mr. Benjamin Bolton
Representing Manufacturing Interests
Williamson County

Mr. Daryl Hubbard
Representing Minority Interests/Government Finance
Madison County

Mr. Drexel Heidel
West Knox Utility District
Active Employee of a Water Utility District
Knox County

Mr. Joseph Prochaska
Representing Environmental Interests
Davidson County

Replaced April 1, 2013

Ms. Betsy Crossley
Representing Municipalities
Williamson County

Mr. Kenneth D. Wiggins
Director of Engineering and Public Works, City of Alcoa
Active Employee of a Municipal Water Utility
Blount County

Mr. Randy Wilkins, General Manager
East Montgomery Utility District
Representing Utility Districts
Montgomery County

Ms. Tamika Parker
Representing Environmental Interests
Davidson County

Appointed April 2, 2013

**COMPTROLLER OF THE TREASURY
STAFF TO THE
WATER AND WASTEWATER FINANCING BOARD**

Ms. Joyce Welborn
Utilities Board Manager

Ms. Rachel Newton
Assistant General Counsel